



PRESS RELEASE

House National Security Committee

Floyd D. Spence, Chairman

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STATEMENT OF FLOYD SPENCE

FULL COMMITTEE MARK-UP OF H.R. 1778,

THE DEFENSE REFORM ACT OF 1997

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H.R. 1778 builds on past committee initiatives to reform the Department of Defense and undertakes a number of organizational, structural, business practice, acquisition and policy reforms that should help to compel the Department of Defense to operate more efficiently.

The imperative to reform how the Department of Defense conducts its business has never been greater. And it is about more than just making the Department more efficient. Against a backdrop of 13 straight years of real decline in defense spending, and confronted with billions of dollars in readiness, quality of life and modernization shortfalls, reforming the Department of Defense may be a matter of survival for U.S. combat forces.

This legislation proposes action on several fronts. First, it addresses workforce reductions. Over the past several years, the committee has focused attention on the disproportionate size of the Department of Defense workforce assigned to the Office of the Secretary of Defense, headquarters staff and acquisition organizations. For example, at a time when active duty endstrength levels have been reduced by 33 percent, OSD staff levels have increased by 40 percent. This is simply an untenable situation.

Second, H.R. 1778 addresses business practice reforms. This bill recognizes that there are many commercial functions which are performed by the Department which are not inherently governmental or necessarily related to warfighting. Accordingly, H.R. 1778 mandates that a number of commercial activities of the Department, such as finance and accounting, information services, and property disposal, be competitively procured. Recognizing that the private sector is not always more cost-effective than the public sector, the bill ensures that the government will be able to compete.

The bill also addresses some modest, but long overdue, environmental reforms. Department of Defense and Department of Energy clean-up costs account for approximately \$12 billion each year in the defense budget, yet clean-up is proceeding at a snail's pace. The 1980 Superfund law was established to cleanup areas

that pose toxic dangers. Unfortunately, the current law encourages ongoing, high-cost cleanup efforts that exhaust Superfund resources on cleaning a few sites to perfection. H.R. 1778 amends Superfund, and other environmental laws, to provide more rationality and efficiency in the defense environmental clean-up effort, while still ensuring protection of human health and the environment.

I want to commend Secretary Cohen for taking on defense reform in a comprehensive manner through the establishment of the Task Force on Defense Reform. Unfortunately, the results of Secretary Cohen's review will not be known until late in the year – and I do not believe that Congress can or should wait. But, nothing in this bill should hamper Secretary Cohen's efforts and, in fact, it ought to be complimentary to, and provide impetus for, any reforms under consideration by the Secretary.

Let me also thank Mr. Dellums for his leadership role in making this a bipartisan bill from the outset. Despite personal opposition to certain provisions, the gentleman and his staff have worked diligently and in a spirit of cooperation to put this package together. It is a better and stronger bill as a result.